

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



大昌行集團有限公司
DAH CHONG HONG HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)
(Stock Code: 01828)



CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司
(incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

**DISCLOSEABLE AND
CONNECTED TRANSACTION**

**DISCLOSEABLE AND
CONNECTED TRANSACTION**

**ACQUISITION OF
A 49% INTEREST IN FAW TOYOTA 4S COMPANY AND
A 50% INTEREST IN LEXUS 4S COMPANY
AND THE RELATED SHAREHOLDERS' LOANS**

SUMMARY

On 26 August 2008, DSE (a wholly-owned subsidiary of DCH Holdings) and DCH Holdings entered into the Sale and Purchase Agreement with DIL and Mr. Mak, pursuant to which DSE (or its nominee) agreed to purchase and DIL agreed to sell 49% and 50% equity interests in FAW Toyota 4S Company and Lexus 4S Company, respectively, and the related shareholders' loans for a total consideration of HK\$143,716,000. Upon Completion, DSE will have a 50% economic interest in each of the Target Companies (i.e. FAW Toyota 4S Company and Lexus 4S Company).

The Target Companies are DIL's holding vehicles for its interests in the businesses relating to the provision of vehicles sales, spare parts, maintenance services and customer survey services in respect of the "FAW Toyota" brand in Guangzhou and Foshan, the PRC and "Lexus" brand in Guangzhou, the PRC.

DCH Directors consider that the Target Group, as managed and operated by Mr. Mak, has a competitive edge over its competitors in the relevant brands due to its long established history of over 10 years, its financial track record and Mr. Mak's standing in this industry in the PRC and Hong Kong. Of the Target Group, to the best knowledge of the DCH Directors, Guangzhou Guangbao was a top 10 dealership in "FAW Toyota" brand in terms of sales in the PRC for the year 2007 and Guangzhou Junjia was named the top 3 outstanding dealerships in the "Lexus" brand in the PRC for the year 2007. In April 2008, DCH Holdings and Mr. Mak formed two joint venture companies to

provide services relating to vehicles sales, spare parts, maintenance services and customer survey services in respect of the “Lexus” brand in Shanghai and Ningbo, the PRC.

The transactions contemplated under the Sale and Purchase Agreement do not only allow DCH Group to acquire the Target Group (including Guangzhou Guangbao, Guangzhou Junjia and a newly completed dealership, Foshan Junan). They also provide an opportunity for DCH Group to share in the interests of two additional dealerships in respect of the “FAW Toyota” brand in the PRC to be established or acquired. They also further enhance the strategic partnership with Mr. Mak, provide a good opportunity to strengthen DCH Group's multi-brand portfolio and allow DCH Group to further develop motor vehicle dealing business in the PRC. Furthermore, DCH Directors believe that there is an increasing demand for high-end and luxurious products in the PRC and leveraging on the famous and established brand-names, “FAW Toyota” and “Lexus”, the transactions contemplated under the Sale and Purchase Agreement also enable the DCH Group to benefit from this increasing demand in the PRC automobile industry.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition and the Financial Assistance are more than 5% but less than 25% for DCH Holdings, the Acquisition and the Financial Assistance constitute discloseable transactions for DCH Holdings. As DIL is a substantial shareholder and Mr. Mak is a director of various subsidiaries of DCH Holdings, DIL and Mr. Mak are connected persons of DCH Holdings. The Acquisition and the Financial Assistance, therefore, also constitute connected transactions for DCH Holdings. The Acquisition and the Financial Assistance are subject to the reporting, announcement and DCH Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As DCH Holdings is a 56.67%-owned subsidiary of CITIC Pacific, the Acquisition and the Financial Assistance also constitute connected transactions for CITIC Pacific. As the relevant percentage ratios under the Listing Rules in respect of the Acquisition and the Financial Assistance are more than 5% but less than 25% for CITIC Pacific, the Acquisition and the Financial Assistance also constitute discloseable transactions for CITIC Pacific. The Acquisition and the Financial Assistance are subject to the reporting, announcement and CITIC Pacific Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of DCH Holdings and CITIC Pacific will make an application to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Acquisition and the Financial Assistance on the basis of a written independent shareholders' approval given in accordance with Rule 14A.43 of the Listing Rules.

An independent financial adviser will be appointed by DCH Holdings to advise the independent board committee of DCH Holdings and DCH Independent Shareholders in relation to the terms of the Acquisition and the Financial Assistance. A circular containing, among other things, further details of the Acquisition and the Financial Assistance, the recommendations of the independent board committee of DCH

Holdings and the advice from the independent financial adviser will be dispatched to the DCH Shareholders as soon as practicable.

An independent financial adviser will be appointed by CITIC Pacific to advise the independent board committee of CITIC Pacific and CITIC Pacific Independent Shareholders in relation to the terms of the Acquisition and the Financial Assistance. A circular containing, among other things, further details of the Acquisition and the Financial Assistance, the recommendations of the independent board committee of CITIC Pacific and the advice from the independent financial adviser will be dispatched to the CITIC Pacific Shareholders as soon as practicable.

1. THE SALE AND PURCHASE AGREEMENT

Date: 26 August 2008

Parties:

- (1) Purchaser: DSE (a wholly-owned subsidiary of DCH Holdings)
- (2) Seller: DIL
- (3) Purchaser's Guarantor: DCH Holdings
- (4) Seller's Guarantor: Mr. Mak Hing Lung

Assets to be acquired:

49 FAW Toyota 4S Shares, representing 49% of the entire issued share capital of FAW Toyota 4S Company and 50 Lexus 4S Shares, representing 50% of the entire issued share capital of Lexus 4S Company and the related shareholders' loans. Upon Completion, DSE will have a 50% economic interest in each of the Target Companies based on the understanding that they will each be a joint venture company.

The Target Companies are DIL's holding vehicles for its interests in the businesses relating to the provision of vehicles sales, spare parts, maintenance services and customer survey services in respect of the "FAW Toyota" brand in Guangzhou and Foshan, the PRC and "Lexus" brand in Guangzhou, the PRC.

The major assets of FAW Toyota 4S Company are its 100% interests in each of Guangzhou Guangbao (which is held through the Contractual Arrangements (as described below)) and Foshan Junan (which may be held through the Contractual Arrangements), and are engaged in the provision of the above services in respect of the "FAW Toyota" brand. Foshan Junan was established on 7 August 2007 and only commenced its operations since December 2007. DIL and Mr. Mak have undertaken to procure the establishment or acquisition at reasonable cost of two additional dealerships in respect of the "FAW Toyota" brand in the PRC by Guangzhou Guangbao (or such other entities as the parties may agree) by 31 December 2010. Guangzhou

Guangbao is already in the process of acquiring interests in one of such additional dealership.

The major asset of Lexus 4S Company is its 55% interests in Guangzhou Junjia, which is held through the Contractual Arrangements and is engaged in the provision of the above services in respect of the “Lexus” brand.

Consideration:

The Consideration is in the amount of HK\$143,716,000.

The Consideration was determined after arm’s length negotiation between the parties having regard to the (i) financial track record of the Established Group; (ii) net asset value of the Established Group as at Completion of not less than HK\$63,786,420; (iii) set up costs and future prospects of a newly completed dealership, Foshan Junan; (iv) establishment or acquisition of two additional dealerships in respect of the “FAW Toyota” brand in the PRC as undertaken by DIL and Mr. Mak; and (v) goodwill and future prospects of the Target Group, taking into account the possibility of the Target Group to expand and to acquire additional dealerships in the future, and HK\$102,676,000 was attributed to (i) and (ii) above and HK\$41,040,000 was attributed to (iii), (iv) and (v) above.

The Consideration will be funded from internal resources of DCH Holdings.

Payment Terms:

The Consideration will be payable by DSE in the following manner:

- (a) a deposit of HK\$42,750,000 upon signing of the Sale and Purchase Agreement;
- (b) an amount equal to the Consideration minus (i) any outstanding receivables due to the Target Group from DIL, Mr. Mak and/or their respective associates as at Completion (if any) and (ii) the deposit, will be payable in cash upon Completion; and
- (c) the amount equal to the outstanding receivables mentioned in (b) above (if any) will be payable to DIL to satisfy such receivables due to the Target Group.

The outstanding receivables amounted to approximately HK\$30,000,000 as at 31 July 2008.

If Completion does not take place for any reason and the Sale and Purchase Agreement is terminated, the deposit (together with accrued interest on it) will be refunded by DIL to DSE within 30 days after the termination.

Conditions:

Completion is conditional on:

- (a) all necessary consents or approvals required of the holding company of DCH Holdings (i.e. CITIC Pacific), if any, under the Listing Rules for the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (b) all necessary consents or approvals required of the holding company of DSE (i.e. DCH Holdings), if any, under the Listing Rules for the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (c) any regulatory approval and third party consents (including but not limited to the consent of relevant automobile manufacturers) required of DIL for the Acquisition having been obtained;
- (d) the completion of the reorganisation of the Target Group (including, amongst others, the entering into of the Contractual Arrangements Agreements);
- (e) DSE undertaking a financial due diligence review of the Target Group and being reasonably satisfied with such review in all material aspects;
- (f) there being no material adverse change or development (including a prospective change or development), in the position or condition, financial or otherwise, of the Target Group Companies or any of them, or in their or its earnings, business, assets or prospects prior to Completion; and
- (g) the warranties given as at the date of the Sale and Purchase Agreement and immediately prior to Completion remaining true, accurate and not misleading in all material respects.

In the event that any of the conditions has been not satisfied (or waived) on or before 30 September 2008 or such other later date as may be agreed by the parties, the Sale and Purchase Agreement will immediately terminate and the deposit (together with accrued interest on it) will be refunded to DSE.

Completion:

Completion shall take place on the fifth business day after all the conditions being satisfied or waived.

Upon Completion, DSE will hold 49% and 50% of the entire issued share capitals of FAW Toyota 4S Company and Lexus 4S Company, respectively, and a 50% economic interest in each of the Target Companies. As DSE will have an overriding casting vote which could be exercised by DSE at the meetings of the board of directors of the Target Companies, the Target Group is expected to be accounted for as subsidiaries of DCH Holdings and CITIC Pacific upon Completion.

Other Terms:

Upon Completion, the parties shall enter into a shareholders' agreement for each of the Target Companies. The board of directors of each of the Target Companies shall consist of equal nominated members, of which DSE shall have a casting vote.

DIL and Mr. Mak have guaranteed that the net profits for the Established Group shall be no less than RMB12.9 million (approximately HK\$14.7 million) for the period from 1 August 2008 to 31 December 2008 and no less than RMB31.0 million (approximately HK\$35.3 million) for each of the two financial years ending 31 December 2010. 50% of any such shortfall shall be indemnified by DIL and Mr. Mak to DSE on a dollar-to-dollar basis in cash. During these periods, it was agreed that Mr. Mak will remain as the responsible person for the management and operation of the Target Group.

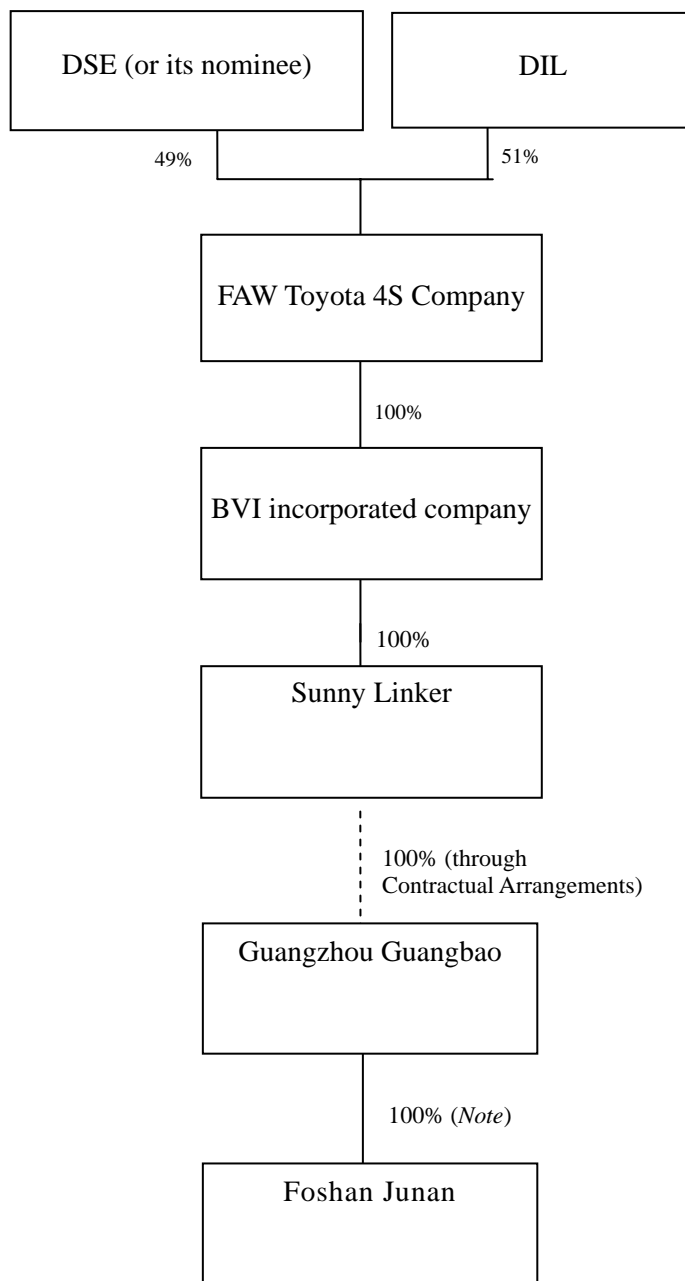
The Target Companies, amongst others, shall have a right of first refusal to invest at cost in respect of any new investment opportunity offered to Mr. Mak and his affiliates to invest in any business engaged in the provision of vehicles sales, spare parts, maintenance services and customer survey services to manufacturers or suppliers in respect of the "Lexus" and "FAW Toyota" brands in the PRC, and for any other brands in the PRC, DIL and Mr. Mak will notify DSE prior to such investments being made, as long as DSE remains a shareholder of either Target Company. DSE shall have a right of first refusal to acquire any disposal of other existing businesses already owned and operated by Mr. Mak or DIL in the PRC, at a reasonable price to be offered by DIL or Mr. Mak. Such price shall be equal to or lower than the price to be offered by DIL or Mr. Mak to a prospective purchaser if DSE refuses to acquire such existing businesses.

DIL and Mr. Mak have undertaken to DSE, and DSE and DCH Holdings have undertaken to DIL, that they shall not, amongst others, carry on or have an interest in businesses engaged in the provision of vehicles sales, spare parts, maintenance services and customer survey services in respect of the "FAW Toyota" brand in Guangzhou and Foshan, the PRC and "Lexus" brand in Guangzhou, the PRC or any other business as may be carried on by the Target Group from time to time, during a term of three years from the date of which DIL and DSE (as the case may be) ceases to be a shareholder of the relevant Target Company.

The existing guarantees in favour of the Target Companies shall be replaced by replacement guarantees to be provided by DSE and DIL after Completion. It is expected that such replacement guarantees will not exceed HK\$80 million. Each of DIL and DSE shall contribute to additional funding needs of the Target Companies by way of equity or loan in proportion to their existing interests in the Target Companies for working capital purpose (including the establishment or acquisition of two additional dealerships in respect of the "FAW Toyota" brand in the PRC). It is expected that these additional funding to be contributed by DSE will not exceed HK\$100 million.

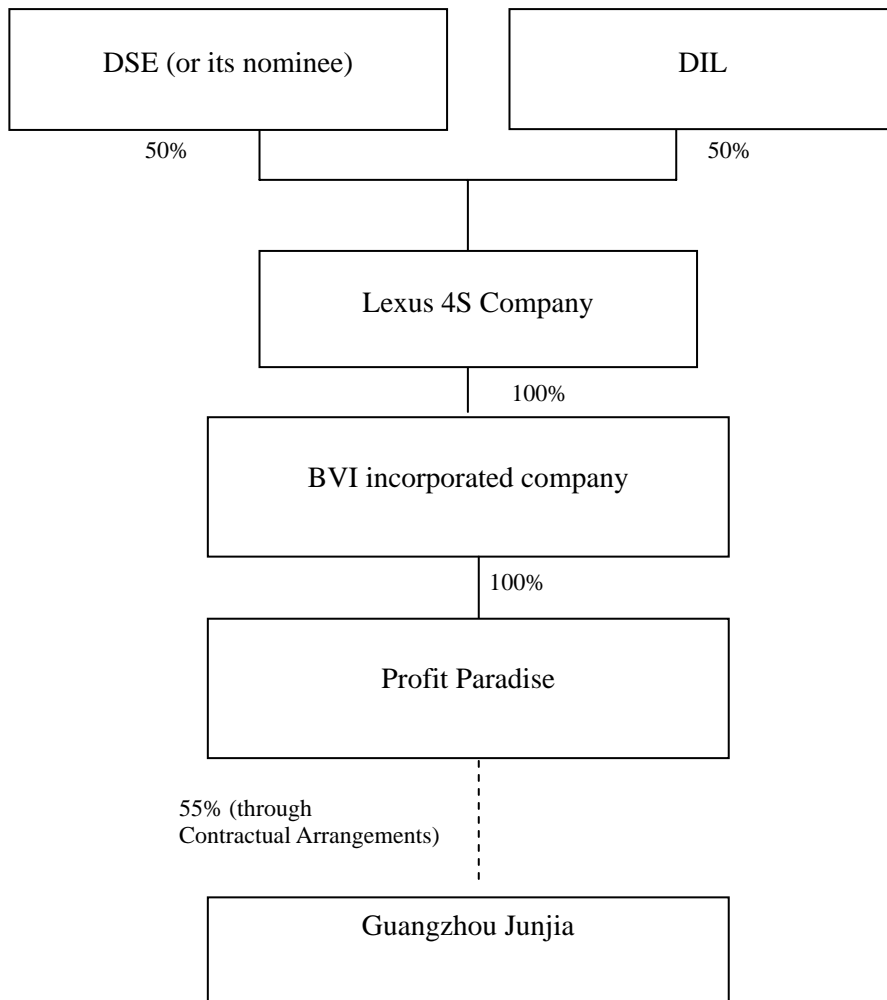
Structure charts of the Target Groups upon Completion:

FAW Toyota 4S Group



Note: Up to a 6.66% interest in Foshan Junan will be held by Guangzhou Guangbao either through its wholly-owned subsidiary or through the Contractual Arrangements. Please refer to the section headed "2. CONTRACTUAL ARRANGEMENTS - Foshan Junan" for details.

Lexus 4S Group



2. CONTRACTUAL ARRANGEMENTS

Guangzhou Guangbao

Upon Completion, Guangzhou Guangbao, one of the major assets of FAW Toyota 4S Company, is to be held as to 51% by Mr. Mak and 49% by a wholly-owned subsidiary of DCH Holdings in the PRC ("**DCH Subsidiary**") for the benefits of FAW Toyota 4S Group through a series of Contractual Arrangements implemented by FAW Toyota 4S Group prior to the conversion of Guangzhou Guangbao into a wholly-owned foreign enterprise, the conversion of which is expected to take a certain period of time. Such Contractual Arrangements are fundamental to the legal structure and business operations of the FAW Toyota 4S Group and are specifically designed for the purpose of allowing FAW Toyota 4S Group (a) to enjoy all the economic benefits of Guangzhou Guangbao, to exercise management control over the operations of Guangzhou Guangbao and to prevent leakages of assets and values to the registered owners of Guangzhou Guangbao; and (b) to acquire, if and when permitted by PRC law, the equity interests in Guangzhou Guangbao at the minimum transfer price permitted under the relevant PRC laws and regulations. Guangzhou Guangbao is in the process of converting into a company which can be wholly owned by foreign enterprises and upon completion of such conversion, the Contractual Arrangements for Guangzhou Guangbao will be converted into direct equity interests to be directly owned by Sunny Linker, the immediate holding company of Guangzhou Guangbao.

Brief summary of the Contractual Arrangements Agreements for Guangzhou Guangbao are as follows:

(i) *Shareholding*

Each of Mr. Mak and DCH Subsidiary will be registered as the legal shareholders of Guangzhou Guangbao.

(ii) *Management*

Each of Mr. Mak and DCH Subsidiary shall consult and follow the instructions of Sunny Linker, when he/it is involved in the management and exercise of its right as the shareholder of Guangzhou Guangbao, such rights shall include and without limitation to voting at the shareholders or board meetings (through their respective nominated director), appointing directors and making decisions in respect of the operation and financial issues of Guangzhou Guangbao.

(iii) *Dividends*

All the dividends, capital bonus or any other assets distributed to Mr. Mak or DCH Subsidiary by Guangzhou Guangbao shall be transferred to Sunny Linker or any other party nominated by Sunny Linker at nil consideration within three working days after such distribution.

(iv) *Option to purchase*

Sunny Linker shall have an option to purchase (or nominate a third party to purchase), all the interests of Mr. Mak and DCH Subsidiary in Guangzhou Guangbao at the minimum transfer price permitted under the relevant PRC laws and regulations. Where the PRC laws or regulations require the consideration for such transfer to be at the market value, the said consideration shall be transferred to Sunny Linker (or any third party nominated by Sunny Linker) at nil consideration within three business days after Mr. Mak or DCH Subsidiary (as the case may be) received such payment. Upon exercising such option, DCH Holdings and CITIC Pacific shall comply with the Listing Rules as appropriate.

(v) *Option to pledge*

Sunny Linker shall have an option to request Mr. Mak and DCH Subsidiary to pledge all their respective shareholding in Guangzhou Guangbao to Sunny Linker or any other party nominated by Sunny Linker, so as to guarantee the performance of obligations of Mr. Mak or DCH Subsidiary (as the case may be) and Guangzhou Guangbao and the performance of obligations under any other agreements which may be entered into between Mr. Mak or DCH Subsidiary (as the case may be), Guangzhou Guangbao and Sunny Linker or any other party nominated by Sunny Linker. In the event that Sunny Linker exercises such rights, Mr. Mak or DCH Subsidiary (as the case may be) and/or Guangzhou Guangbao shall assist unconditionally and enter into a relevant share pledge agreement with Sunny Linker or any other party nominated by Sunny Linker.

(vi) *Option to enter into management, consultancy agreements*

Sunny Linker shall have an option to request Mr. Mak and DCH Subsidiary to instruct Guangzhou Guangbao to enter into any exclusive service or consultancy agreement with Sunny Linker or any other party nominated by Sunny Linker in respect of management, technical or other types of services, and Sunny Linker or any other party nominated by Sunny Linker shall provide the relevant service to Guangzhou Guangbao. The relevant service fees shall be paid by Guangzhou Guangbao, the amount of which shall be solely determined by Sunny Linker or any other party nominated by Sunny Linker and may be adjusted from time to time.

Upon entering into of such management or consultancy agreement, DCH Holdings and CITIC Pacific shall comply with the Listing Rules as appropriate.

Foshan Junan

As at the date of this announcement, a 93.34% interest in Foshan Junan is directly held by Guangzhou Guangbao and the remaining 6.66% interest is held by an individual (the "**Individual**") who is an independent third party. Such 6.66% interest will be transferred to Guangzhou Guangbao and/or its wholly-owned subsidiary before Completion. If the said transfer cannot be completed before Completion due to the restrictions of the local PRC laws and regulations, Guangzhou Guangbao will acquire the maximum equity interests in Foshan Junan permitted under the local PRC laws and regulations and the remaining interests in Foshan Junan will either continue to be held by the Individual or to be transferred to a wholly-owned subsidiary of DCH Holdings in the PRC (the "**Subsidiary**"). In any event, the remaining interests will be held by the Individual or the Subsidiary for the benefits of FAW Toyota 4S Group through a series of Contractual Arrangements implemented by FAW Toyota 4S Group.

Such Contractual Arrangements are fundamental to the legal structure and business operations of the FAW Toyota 4S Group and are specifically designed for the purpose of allowing FAW Toyota 4S Group (a) to enjoy all the economic benefits of Foshan Junan, to exercise management control over the operations of Foshan Junan and to prevent leakages of assets and values to the registered owner of Foshan Junan; and (b) to acquire, if and when permitted by PRC law, the equity interests in Foshan Junan at the minimum transfer price permitted under the relevant PRC laws and regulations.

Brief summary of the Contractual Arrangements Agreements for Foshan Junan are as follows:

(i) *Shareholding*

The Individual or the Subsidiary will be registered as the legal shareholder of Foshan Junan.

(ii) *Management*

The Individual or the Subsidiary (as the case may be) shall consult and follow the instructions of Guangzhou Guangbao, when she/it is involved in the management and exercise of her/its right as the shareholder of Foshan Junan, such rights shall include and without limitation to voting at the shareholders or board meetings (through their respective nominated director), appointing directors and making decisions in respect of the operation and financial issues of Foshan Junan.

(iii) *Dividends*

All the dividends, capital bonus or any other assets distributed to the Individual or the Subsidiary (as the case may be) by Foshan Junan shall be transferred to Guangzhou Guangbao or any other party nominated by Guangzhou Guangbao at nil consideration within three working days after such distribution.

(iv) *Option to purchase*

Guangzhou Guangbao shall have an option to purchase (or nominate a third party to purchase), all the interests of the Individual or the Subsidiary (as the case may be) in Foshan Junan at the minimum transfer price permitted under the relevant PRC laws and regulations. Where the PRC laws or regulations require the consideration for such transfer to be at the market value, the said consideration shall be transferred to Guangzhou Guangbao (or any third party nominated by Guangzhou Guangbao) at nil consideration within three business days after the Individual or the Subsidiary (as the case may be) received such payment. Upon exercising such option, DCH Holdings and CITIC Pacific shall comply with the Listing Rules as appropriate.

(v) *Option to pledge*

Guangzhou Guangbao shall have an option to request the Individual or the Subsidiary (as the case may be) to pledge all her/its shareholding in Foshan Junan to Guangzhou Guangbao or any other party nominated by Guangzhou Guangbao, so as to guarantee the performance of obligations of the Individual or the Subsidiary (as the case may be) and Foshan Junan and the performance of obligations under any other agreements which may be entered into between the Individual or the Subsidiary (as the case may be), Foshan Junan and Guangzhou Guangbao or any other party nominated by Guangzhou Guangbao. In the event that Guangzhou Guangbao exercises such rights, the Individual or the Subsidiary (as the case may be) and/or Foshan Junan shall assist unconditionally and enter into a relevant share pledge agreement with Guangzhou Guangbao or any other party nominated by Guangzhou Guangbao.

(vi) *Option to enter into management, consultancy agreements*

Guangzhou Guangbao shall have an option to request the Individual or the Subsidiary (as the case may be) to instruct Foshan Junan to enter into any exclusive service or consultancy agreement with Guangzhou Guangbao or any other party nominated by Guangzhou Guangbao in respect of management, technical or other types of services, and Guangzhou Guangbao or any other party nominated by Guangzhou Guangbao shall provide the relevant service to Foshan Junan. The relevant service fees shall be paid by Foshan Junan, the amount of which shall be solely determined by Guangzhou Guangbao, or any other party nominated by Guangzhou Guangbao and may be adjusted from time to time.

Upon entering into of such management or consultancy agreement, DCH Holdings and CITIC Pacific shall comply with the Listing Rules as appropriate.

Guangzhou Junjia

Guangzhou Junjia, the major asset of Lexus 4S Company, is also held by Mr. Mak for the benefits of Lexus 4S Group through the Contractual Arrangements. Such Contractual Arrangements are fundamental to the legal structure and business operations of the Lexus 4S Group and are specifically designed for the purpose of allowing Lexus 4S Group (a) to enjoy all the economic benefits of Guangzhou Junjia, to exercise management control over the operations of Guangzhou Junjia and to prevent leakages of assets and values to the registered owner of Guangzhou Junjia (i.e. Mr. Mak); and (b) to acquire, if and when permitted by PRC law, the equity interests in Guangzhou Junjia at the minimum transfer price permitted under the relevant PRC laws and regulations. It is intended that Guangzhou Junjia will be converted into a sino-foreign equity joint venture company which is expected to take a certain period of time and upon completion of such conversion, the Contractual Arrangements for Guangzhou Junjia will be converted into direct equity interests to be directly owned by Profit Paradise, the immediate holding company of Guangzhou Junjia.

Brief summary of the Contractual Arrangements Agreements for Mr. Mak's 55% interest in Guangzhou Junjia are as follows:

(i) *Shareholding*

Mr. Mak will be registered as the legal shareholder of Guangzhou Junjia.

(ii) *Management*

Mr. Mak shall consult and follow the instructions of Profit Paradise, when he is involved in the management and exercise of his right as the shareholder of Guangzhou Junjia, such rights shall include and without limitation to voting at the shareholders or board meetings (through his nominated director), appointing directors and making decisions in respect of the operation and financial issues of Guangzhou Junjia.

(iii) *Dividends*

All the dividends, capital bonus or any other assets distributed to Mr. Mak by Guangzhou Junjia shall be transferred to Profit Paradise or any other party nominated by Profit Paradise at nil consideration within three working days after such distribution.

(iv) *Option to purchase*

Profit Paradise shall have an option to purchase (or nominate a third party to purchase), all the interests of Mr. Mak in Guangzhou Junjia at the minimum transfer price permitted under the relevant PRC laws and regulations. Where the PRC laws or regulations require the consideration for such transfer to be at the market value, the said consideration shall be transferred to Profit Paradise (or any third party nominated by Profit Paradise) at nil consideration within three business days after Mr. Mak received such payment. Upon exercising such option, DCH Holdings and CITIC Pacific shall comply with the Listing Rules as appropriate.

(v) *Option to pledge*

Profit Paradise shall have an option to request Mr. Mak to pledge all his shareholding in Guangzhou Junjia to Profit Paradise or any other party nominated by Profit Paradise, so as to guarantee the performance of obligations of Mr. Mak and Guangzhou Junjia and the performance of obligations under any other agreements which may be entered into between Mr. Mak, Guangzhou Junjia and Profit Paradise or any other party nominated by Profit Paradise. In the event that Profit Paradise exercises such rights, Mr. Mak and/or Guangzhou Junjia shall assist unconditionally and enter into a relevant share pledge agreement with Profit Paradise or any other party nominated by Profit Paradise.

(vi) *Option to enter into management, consultancy agreements*

Profit Paradise shall have an option to request Mr. Mak to instruct Guangzhou Junjia to enter into any exclusive service or consultancy agreement with Profit Paradise or any other party nominated by Profit Paradise in respect of management, technical or other types of services, and Profit Paradise or any other party nominated by Profit Paradise shall provide the relevant service to Guangzhou Junjia. The relevant service fees shall be paid by Guangzhou Junjia, the amount of which shall be solely determined by Profit Paradise or any other party nominated by Profit Paradise and may be adjusted from time to time.

Upon entering into of such management or consultancy agreement, DCH Holdings and CITIC Pacific shall comply with the Listing Rules as appropriate.

(vii) *Compensation*

In the event of any breach of the Contractual Arrangements Agreement for Guangzhou Junjia by Mr. Mak, Mr. Mak shall pay a compensation to Profit Paradise. The amount of the compensation shall be the higher of (i) 55% of the net asset value of Guangzhou Junjia at the time of the breach or the fair market value of 55% of the registered capital in Guangzhou Junjia (whichever is higher), which shall be determined by an independent third party valuer appointed by Profit Paradise; and (ii) any actual loss incurred by Profit Paradise.

3. INFORMATION ABOUT THE TARGET GROUP

As at 31 July 2008, the unaudited net asset value attributable to Guangzhou Guangbao, Foshan Junan and Guangzhou Junjia was approximately HK\$36.5 million, HK\$7.4 million and HK\$89.4 million, respectively. Foshan Junan commenced its operations since December 2007.

For the financial years ended 31 December 2006 and 2007, the audited net profits (both before and after taxation and extraordinary items) attributable to Guangzhou Guangbao, Foshan Junan and Guangzhou Junjia were approximately as follows:

	Audited net profits (loss) before taxation and extraordinary items (HK\$ million)		Audited net profits (loss) after taxation and extraordinary items (HK\$ million)	
	2006	2007	2006	2007
Guangzhou Guangbao	3.3	9.5	0.6	4.2
Foshan Junan (operations commenced since December 2007)	-	(0.3)	-	(0.3)
Guangzhou Junjia	30.7	75.9	19.0	51.7

The investment amount of Guangzhou Guangbao, Foshan Junan and Guangzhou Junjia as at 31 July 2008 by DIL and Mr. Mak was approximately HK\$87 million, comprising (i) the total amount of the registered capitals of Guangzhou Guangbao, Foshan Junan and Guangzhou Junjia; and (ii) the shareholders loans to these companies as at 31 July 2008.

4. REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE FINANCIAL ASSISTANCE

DCH Directors consider that the Target Group, as managed and operated by Mr. Mak, has a competitive edge over its competitors in the relevant brands due to its long established history of over 10 years, its financial track record and Mr. Mak's standing in this industry in the PRC and Hong Kong. Of the Target Group, to the best knowledge of the DCH Directors, Guangzhou Guangbao was a top 10 dealership in “FAW Toyota” brand in terms of sales in the PRC for the year 2007 and Guangzhou Junjia was named the top 3 outstanding dealerships in the “Lexus” brand in the PRC for the year 2007. In April 2008, DCH Holdings and Mr. Mak formed two joint venture companies to provide services relating to vehicles sales, spare parts, maintenance services and customer survey services in respect of the “Lexus” brand in Shanghai and Ningbo, the PRC.

The transactions contemplated under the Sale and Purchase Agreement do not only allow DCH Group to acquire the Target Group (including Guangzhou Guangbao, Guangzhou Junjia and a newly completed dealership, Foshan Junan). They also provide an opportunity for DCH Group to share in the interests of two additional dealerships in respect of the “FAW Toyota” brand in the PRC to be established or acquired. They also further enhance the strategic partnership with Mr. Mak, provide a good opportunity to strengthen DCH Group's multi-brand portfolio and allow DCH Group to further develop motor vehicle dealing business in the PRC. Furthermore, DCH Directors believe that there is an increasing demand for high-end and luxurious products in the PRC and leveraging on the famous and established brand-names, “FAW Toyota” and “Lexus”, the transactions contemplated under the Sale and Purchase Agreement also enable the DCH Group to benefit from this increasing demand in the PRC automobile industry.

DCH Directors (other than the independent non-executive directors of DCH Holdings) consider that the Acquisition and the Financial Assistance are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the DCH Shareholders as a whole.

Noting and considering the reasons above, the CITIC Pacific Directors take the view that the Acquisition and the Financial Assistance, which are beneficial to a subsidiary of CITIC Pacific (i.e. DCH Holdings), will also be beneficial to CITIC Pacific and increase CITIC Pacific Group's development and competitiveness in general. CITIC Pacific Directors (other than the independent non-executive directors of CITIC Pacific) consider that the Acquisition and the Financial Assistance are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the CITIC Pacific Shareholders as a whole.

5. GENERAL

DCH Group is a diversified business conglomerate in motor vehicles sales, motor vehicle related business and services, sales of food and consumer products, as well as logistics services, supported by integrated distribution platforms and a well-established base and network in the PRC, Hong Kong and Macao.

CITIC Pacific Group is engaged in a diversified range of business, including manufacturing of special steel, iron ore mining, property development and investment, basic infrastructure (such as power generation, aviation, tunnels and communications) and marketing and distribution.

DIL, founded by Mr. Mak in 1992, is one of the companies operated by Mr. Mak and which is engaged in motor business, including businesses relating to the provision of vehicles sales, spare parts, maintenance services and customer survey services in the PRC.

6. LISTING RULES IMPLICATIONS FOR DCH HOLDINGS

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition and the Financial Assistance are more than 5% but less than 25% for DCH Holdings, the Acquisition and the Financial Assistance constitute discloseable transactions for DCH Holdings. As DIL is a substantial shareholder and Mr. Mak is a director of various subsidiaries of DCH Holdings, DIL and Mr. Mak are connected persons of DCH Holdings. The Acquisition and the Financial Assistance, therefore, also constitute connected transactions for DCH Holdings. The Acquisition and the Financial Assistance are subject to the reporting, announcement and DCH Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An application will be made to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Acquisition and the Financial Assistance on the basis of a written independent shareholders' approval given in accordance with Rule 14A.43 of the Listing Rules.

Each of DIL and Mr. Mak has confirmed that it/he has no interest in any share of DCH Holdings giving the right to attend and vote at general meetings of DCH Holdings.

To the best knowledge of the DCH Directors, none of the DCH Shareholders is required to abstain from voting on the Acquisition and the Financial Assistance.

Nine wholly-owned subsidiaries of CITIC Pacific, a closely allied group of DCH Shareholders, together beneficially interested in 1,018,800,000 shares representing approximately 56.67% of the issued share capital of DCH Holdings, have indicated that they approve the Acquisition and the Financial Assistance and the transactions contemplated thereunder. DCH Holdings will procure the signing of a written shareholders' approval in accordance with Rule 14A.43, failing which a shareholder's meeting for DCH Holdings will be convened for approving the Acquisition and the Financial Assistance.

An independent financial adviser will be appointed by DCH Holdings to advise the independent board committee of DCH Holdings and the DCH Independent Shareholders in relation to the terms of the Acquisition and the Financial Assistance.

A circular containing, among other things, further details of the Acquisition and the Financial Assistance, the recommendations of the independent board committee of DCH Holdings and the advice from the independent financial adviser will be dispatched to the DCH Shareholders as soon as practicable.

7. LISTING RULES IMPLICATIONS FOR CITIC PACIFIC

As DCH Holdings is a 56.67%-owned subsidiary of CITIC Pacific, the Acquisition and the Financial Assistance also constitute connected transactions for CITIC Pacific. As the relevant percentage ratios under the Listing Rules in respect of the Acquisition and the Financial Assistance are more than 5% but less than 25% for CITIC Pacific, the Acquisition and the Financial Assistance also constitute discloseable transactions for CITIC Pacific. The Acquisition and the Financial Assistance are subject to the reporting, announcement and CITIC Pacific Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An application will be made to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Acquisition and the Financial Assistance on the basis of a written independent shareholders' approval given in accordance with Rule 14A.43 of the Listing Rules.

Each of DIL and Mr. Mak has confirmed that it/he has no interest in any share of CITIC Pacific giving the right to attend and vote at general meetings of CITIC Pacific.

To the best knowledge of CITIC Pacific Directors, none of the CITIC Pacific Shareholders is required to abstain from voting on the Acquisition and the Financial Assistance.

The following persons, who are closely allied group of CITIC Pacific Shareholders and together beneficially interested in 1,110,746,285 shares representing approximately 50.62% of the issued share capital of CITIC Pacific, have indicated that they approve the Acquisition and the Financial Assistance and the transactions contemplated thereunder. CITIC Pacific will procure the signing of a written shareholders' approval in accordance with Rule 14A.43, failing which a shareholder's meeting for CITIC Pacific will be convened for approving the Acquisition and the Financial Assistance:

Name of beneficial shareholder	No. of ordinary shares beneficially interested	Percentage of total issued share capital of CITIC Pacific as of the date hereof
CITIC Hong Kong (Holdings) Limited (through its wholly-owned subsidiaries)	643,611,285	29.33%
The Chairman and the Managing Director of CITIC Pacific having an interest in the shares of CITIC Pacific	467,135,000	21.29%
TOTAL	<hr/> 1,110,746,285 <hr/>	<hr/> 50.62% <hr/>

An independent financial adviser will be appointed by CITIC Pacific to advise the independent board committee of CITIC Pacific and the CITIC Pacific Independent Shareholders in relation to the terms of the Acquisition and the Financial Assistance.

A circular containing, among other things, further details of the Acquisition and the Financial Assistance, the recommendations of the independent board committee of CITIC Pacific and the advice from the independent financial adviser will be dispatched to the CITIC Pacific Shareholders as soon as practicable.

8. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“ Acquisition ”	the acquisition of the Sale Shares and the related shareholders' loans by DSE from DIL pursuant to the terms of the Sale and Purchase Agreement (including the Contractual Arrangements);
“ associate ”	has the meaning given to it by the Listing Rules;
“ BVI ”	the British Virgin Islands;
“ CITIC Pacific ”	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“ CITIC Pacific Directors ”	the directors of CITIC Pacific;

“CITIC Pacific Group”	CITIC Pacific and its subsidiaries (including DCH Holdings), or, where the context so requires, any of them (as defined under the Listing Rules);
“CITIC Pacific Independent Shareholders”	the independent shareholders of CITIC Pacific, i.e. the CITIC Pacific Shareholders;
“CITIC Pacific Shareholders”	holders of the ordinary shares of CITIC Pacific;
“Completion”	completion of the Acquisition;
“connected person”	has the meaning given to it by the Listing Rules;
“Consideration”	the consideration for the Acquisition;
“Contractual Arrangements”	contractual arrangements with the registered owners of Guangzhou Guangbao, Guangzhou Junjia and Foshan Junan (if applicable) that are implemented by the DCH Group, the details of which are set out in the section headed “2. CONTRACTUAL ARRANGEMENTS” of this announcement;
“Contractual Arrangements Agreements”	the agreements for the Contractual Arrangements, the details of which are set out in the section headed “2. CONTRACTUAL ARRANGEMENTS” of this announcement;
“DCH Directors”	the directors of DCH Holdings;
“DCH Group”	DCH Holdings and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);
“DCH Holdings”	Dah Chong Hong Holdings Limited 大昌行集團有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, and is a non-wholly owned subsidiary of CITIC Pacific;
“DCH Independent Shareholders”	the independent shareholders of DCH Holdings, i.e. the DCH Shareholders;
“DCH Shareholders”	holders of the ordinary shares of DCH Holdings;
“DSE”	Delight Star Enterprises Limited 愉星企業有限公司, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of DCH Holdings;

“DIL”	Denker Investment Limited 駿佳投資有限公司, a company incorporated in Hong Kong with limited liability;
“Established Group”	Guangzhou Guangbao and Guangzhou Junjia (excluding any of their respective subsidiaries and investments);
“FAW Toyota 4S Company”	Strong Step Holdings Limited 碩晉控股有限公司, a company incorporated in Hong Kong with limited liability;
“FAW Toyota 4S Group”	FAW Toyota 4S Company and its subsidiaries;
“FAW Toyota 4S Shares”	issued ordinary shares of HK\$1.00 each in the share capital of FAW Toyota 4S Company;
“Financial Assistance”	(i) the granting of replacement guarantees after Completion in a sum of not more than HK\$80 million and (ii) the provision of additional funding by DSE in a sum not to exceed HK\$100 million, the details of which are set out in the section headed “1. THE SALE AND PURCHASE AGREEMENT- other terms” of this announcement;
“Foshan Junan”	佛山駿安豐田汽車銷售服務有限公司 (Foshan Junan Toyota Motors Sale and Service Limited), a company established in the PRC with limited liability and is an indirect 100%-owned subsidiary of FAW Toyota 4S Company;
“Guangzhou Guangbao”	廣州廣保豐田汽車銷售服務有限公司 (Guangzhou Guangbao Toyota Motors Sale and Service Limited), a company established in the PRC with limited liability and is an indirect 100%-owned subsidiary of FAW Toyota 4S Company;
“Guangzhou Junjia”	廣州駿佳凌志汽車銷售服務有限公司 (Guangzhou Junjia Lexus Motors Sale and Service Limited), a company established in the PRC with limited liability. and is an indirect 55%-owned subsidiary of Lexus 4S Company (the remaining 45% interests are directly held by an independent third party);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“Lexus 4S Company”	Star Partner Holdings Limited 易博控股有限公司, a company incorporated in Hong Kong with limited liability;

“Lexus 4S Group”	Lexus 4S Company and its subsidiaries;
“Lexus 4S Shares”	issued ordinary shares of HK\$1.00 each in the share capital of Lexus 4S Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Mak”	Mr. Mak Hing Lung;
“PRC”	the People’s Republic of China;
“Profit Paradise”	Profit Paradise Investments Limited 程生投資有限公司, a company incorporated in Hong Kong with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 August 2008 entered into between DSE, DIL, DCH Holdings and Mr. Mak in relation to the Acquisition;
“Sale Shares”	49 FAW Toyota 4S Shares and 50 Lexus 4S Shares;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning given to it by the Listing Rules;
“Sunny Linker”	Sunny Linker Development Limited 佳駿發展有限公司, a company incorporated in Hong Kong with limited liability;
“Target Companies”	collectively FAW Toyota 4S Company and Lexus 4S Company;
“Target Group”	collectively the FAW Toyota 4S Group and Lexus 4S Group and “Target Group Company” and “Target Group Companies” shall be construed accordingly; and
“%”	per cent.

For illustration purpose in this announcement, the conversion rate of RMB1.00 = HK\$1.14 was adopted.

By order of the board
Dah Chong Hong Holdings Limited
Tso Mun Wai
Company Secretary

By order of the board
CITIC Pacific Limited
Stella Chan Chui Sheung
Company Secretary

Hong Kong, 26 August 2008

As at the date of this announcement, the directors of DCH Holdings are:

Executive directors: Hui Ying Bun (Chairman), Chu Hon Fai, Yip Moon Tong, Mak Kwing Tim, Lau Sei Keung, Tsoi Tai Kwan, Arthur and Glenn Robert Sturrock Smith

Non-executive directors: Ho Hau Hay, Hamilton, Chau Chi Yin, Chan Chui Sheung, Stella and Kwok Man Leung

Independent non-executive directors: Cheung Kin Piu, Valiant, Hsu Hsung, Adolf and Yeung Yue Man

As at the date of this announcement, the directors of CITIC Pacific are:

Executive directors: Larry Yung Chi Kin (Chairman), Henry Fan Hung Ling, Peter Lee Chung Hing, Carl Yung Ming Jie, Leslie Chang Li Hsien, Vernon Francis Moore, Li Shilin, Liu Jifu, Chau Chi Yin, Milton Law Ming To, Wang Ande and Kwok Man Leung

Non-executive directors: Willie Chang, André Desmarais, Chang Zhenming and Peter Kruyt (alternate director to André Desmarais)

Independent non-executive directors: Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong